

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

UNITED STATES OF AMERICA)	No.
)	
v.)	Violations: Title 18, United
)	States Code, Sections 2, 666,
STUART LEVINE,)	1341, 1343, 1346, 1951,
JOSEPH CARI, and)	and Title 26, United States
STEVEN LOREN)	Code, Section 7212(a)

COUNT ONE

Mail Fraud

The SPECIAL MARCH 2004 GRAND JURY charges:

1. At times material to this indictment:

Relevant Entities and Individuals

a. The Teachers' Retirement System of the State of Illinois ("TRS") was a public pension plan created by Illinois law for the purpose of providing pension, survivor, and disability benefits for teachers and administrators employed in Illinois public schools except in the City of Chicago. It served approximately 325,000 members and annuitants, and had assets in excess of approximately \$30 billion. TRS was funded by annual contributions from teachers, their employers, and the State of Illinois, as well as investment income.

b. The activities of TRS were directed by an 11-member Board of Trustees. Among its other responsibilities, the Board of Trustees reviewed and voted to approve or reject proposals by private investment management companies to manage funds on behalf of TRS. At any given time, TRS assets were managed by numerous

different investment management companies. These companies were compensated by TRS for their activities, typically through fees calculated as a percentage of the TRS assets they managed.

c. In carrying out all of their duties, including reviewing and deciding whether to approve or reject proposals by private investment management firms to manage TRS assets, members of the TRS Board of Trustees owed a fiduciary duty to TRS and its beneficiaries, and were required to act solely for the benefit of TRS and its beneficiaries. In order to assist members of the TRS Board of Trustees in evaluating proposals to manage TRS assets, TRS required an investment management firm to disclose, before TRS decided whether to authorize it to manage TRS assets, all finder's fees, placement fees, and commissions (hereafter collectively referred to as "finder's fees") to be paid by that investment management firm in connection with its TRS business. Such fees at times were paid by investment management firms to individuals or entities in exchange for bringing the investment management firm to the attention of TRS.

d. TRS was an organization and state agency that received federal funds in excess of \$10,000 during each calendar year from 2001 through 2004.

e. Defendant STUART LEVINE ("LEVINE") was a member of the TRS Board of Trustees. In that capacity, he owed a fiduciary duty and a duty of honest services to TRS and its beneficiaries.

LEVINE also was an attorney and businessman, whose business interests included: S.L. Investment Enterprises, L.P.; Benefit and Marketing Design, Inc.; and SSL Consulting, Inc.

f. Joseph Cari was an attorney. He was also a partner and the managing director of a private equity firm that in or about 2003 received \$35 million in TRS funds to invest. In or about 2004, Cari's private equity firm was seeking investments from other public pension funds established by the State of Illinois; at Cari's request, LEVINE had agreed to assist Cari's private equity firm in seeking those investments.

g. Steven Loren was an attorney. He and his law firm were outside counsel to TRS. In that capacity, Loren owed a fiduciary duty and duty of honest services to TRS and its beneficiaries.

h. Individual A acted as a placement agent for Investment Firm 1, an asset management company located in Chicago, Illinois, that solicited and received \$50 million in TRS funds to invest. Individual A also acted as a placement agent for Investment Firm 2 and Investment Firm 3 in connection with those firms' efforts to obtain funds from TRS.

i. Individual B was a medical doctor and businessman, who shared a business suite with LEVINE, and maintained financial and personal relationships with LEVINE.

j. Individuals C and D were Illinois businessmen. Individual E was an attorney located in the Turks & Caicos Islands, in the British West Indies, and was an associate of Individual D.

k. Investment Firm 2 was a limited partnership, located in Wayne, Pennsylvania, that attempted to obtain funds from TRS.

l. Investment Firm 3 was a private equity fund affiliated with Investment Firm 1 and attempted to obtain funds from TRS.

m. Investment Firm 4 was a real estate investment and asset management firm, located in Virginia, that solicited and received \$85 million in TRS funds to invest.

Illinois Laws Regarding Conduct of Public Officials and Bribery

n. Pursuant to the criminal laws of the State of Illinois, relating to bribery (720 ILCS 5/33-1(d)), LEVINE, as a member of the TRS Board, was prohibited from agreeing to accept any property or personal advantage which he was not authorized by law to accept, knowing that such property or personal advantage was promised or tendered with intent to cause him to influence the performance of any act related to the employment or function of any public officer.

o. Pursuant to the criminal laws of the State of Illinois, relating to official misconduct (720 ILCS 5/33-3), LEVINE, as a member of the TRS Board, was prohibited from doing the following in his official capacity: (1) performing any act in

excess of his lawful authority, with intent to obtain a personal advantage for himself or others; and (2) soliciting or knowingly accepting, for the performance of any act, a fee or reward which he knew was not authorized by law.

p. Pursuant to the State Officials and Employees Ethics Act (5 ILCS 430/5-50), effective December 9, 2003, TRS Board members were prohibited from having any material communications with a representative of a party concerning a pending matter, without reporting that contact to the Board in writing.

The Scheme To Defraud

2. Beginning no later than early 2002 and continuing through at least June 2004, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, together with Joseph Cari, Steven Loren, and others known and unknown to the Grand Jury, devised and intended to devise, and participated in, a scheme and artifice to defraud TRS and its beneficiaries of money, property, and the intangible right to the honest services of defendant LEVINE, by means of materially false and fraudulent pretenses, representations, and promises, and material omissions, and in furtherance thereof used the United States mails and other interstate carriers, and interstate and foreign wires, which scheme is further described below.

Overview of the Scheme

3. It was part of the scheme that defendant LEVINE, with the assistance of Cari, Loren, Individual A, Individual B, and others, fraudulently used and sought to use defendant LEVINE's position and influence as a member of the TRS Board of Trustees to obtain financial benefits for defendant LEVINE and his nominees and associates. In the course of the scheme, LEVINE solicited, demanded, and received hundreds of thousands of dollars in undisclosed kickbacks and payments for LEVINE and his nominees and associates from investment firms seeking to do business with TRS. In addition, LEVINE directed Loren to assist him in developing a way for LEVINE to obtain undisclosed financial benefits from a business that LEVINE would cause to be established to serve as an asset manager for TRS. Among the defendants' fraudulent activities in the course of the scheme were the following:

a. **Investment Firms 1, 2, and 3:** LEVINE and Individual A agreed that LEVINE would use his official position to assist Individual A in obtaining TRS funds for Investment Firms 1, 2, and 3, and that in return, Individual A would share his placement fees for those TRS funds with persons identified by LEVINE. LEVINE and Individual A succeeded in obtaining \$50 million in TRS funds for Investment Firm 1, and at the direction of LEVINE, Individual A paid Individual C approximately \$250,000 from the placement fee that Individual A received from Investment Firm 1. LEVINE also

directed Individual A to share with Individual B the placement fees that Individual A would receive when TRS funds were invested with Investment Firms 2 and 3.

b. **Investment Firm 4:** When Investment Firm 4 sought to obtain \$85 million in TRS funds, LEVINE, with the assistance of Cari, demanded that Investment Firm 4 pay approximately \$850,000 to a consultant identified by LEVINE. Cari repeatedly told representatives of Investment Firm 4 that they had to sign a contract with a consultant identified by LEVINE, or Investment Firm 4 would be taken off the TRS agenda for the May 2004 TRS Board meeting, and Investment Firm 4 would not receive funds from TRS.

c. **TRS Asset Manager:** LEVINE directed Loren to assist him in devising a method by which LEVINE could establish a company to serve as an asset manager for TRS, and LEVINE or his nominees could participate financially in the operation of the asset manager without that participation being disclosed to TRS. In addition, LEVINE and Individual B agreed to try to find a way to benefit financially from LEVINE's official position at TRS by putting someone in place as an asset manager for TRS and having a developer selected by LEVINE participate in transactions with that asset manager.

LEVINE and INDIVIDUAL A: Investment Firms 1, 2, and 3

4. It was further part of the scheme that LEVINE and Individual A agreed that Individual A would pay money to persons

designated by LEVINE in exchange for LEVINE's using his position on the TRS Board to help Individual A obtain TRS funds for Investment Firms 1, 2, and 3. In connection with this aspect of the scheme:

Investment Firm 1

a. In or about the summer of 2003, after Individual A had introduced Investment Firm 1 to TRS, LEVINE told Individual A that Individual A would have to split his finder's fee with a public official, whose name LEVINE provided to Individual A.

b. In order to conceal the fraudulent nature of any payments from Individual A to that public official, Individual A had a consulting contract drafted providing for payments to the public official. LEVINE reviewed and approved the contract. LEVINE subsequently told Individual A that the public official was not going to participate in the deal.

c. In or about August 2003, the TRS Board approved the investment of \$50 million with Investment Firm 1. Investment Firm 1 paid a finder's fee of \$375,000 to Individual A.

d. In or about the fall of 2003, LEVINE and Individual A agreed that Individual A would find various companies that wanted to obtain funds from TRS and other pension funds, and Individual A and LEVINE would introduce those companies to TRS and other pension funds. LEVINE agreed that he would try to help those companies obtain money from TRS, as well as from other pension funds. In

exchange for LEVINE's help, Individual A agreed that he would split his finder's fees with individuals designated by LEVINE.

e. In or about the fall of 2003, LEVINE told Loren that he had arranged for Individual A to source potential investments for TRS and that Individual A would be asked to split his placement fees with certain individuals. LEVINE told Loren that Individual A was not the only person with whom LEVINE would have such an arrangement. At LEVINE's direction, Loren assisted LEVINE by advising Individual A as to the sorts of investments that TRS would consider, and reviewing investment proposals submitted by Individual A and others.

f. In or about the fall of 2003, LEVINE told Individual A that he would have to split his finder's fee with a businessman selected by LEVINE. At the request of Levine, Individual A agreed to pay two-thirds of his fee, or \$250,000, to the businessman selected by LEVINE.

g. LEVINE asked Loren to prepare a draft contract that would justify Individual A's splitting his finder's fee by paying \$250,000 to a third party. LEVINE instructed Loren to draft a sham consulting agreement that would pass scrutiny if someone like the U.S. Attorney looked at it. LEVINE did not give Loren the names of the parties but, instead, told Loren to use "X" and "Y" in place of the parties' names.

h. Loren drafted a sham consulting agreement for Individual A, in order to conceal the fraudulent nature of the payments by Individual A to a third party. Loren instructed his secretary not to save the consulting agreement on the computer. Loren gave the draft consulting agreement to LEVINE.

i. In or about early 2004, LEVINE told Individual A that Individual A should pay \$250,000 to Individual C. LEVINE gave Individual A the sham consulting agreement that Loren had prepared, in order to conceal the fraudulent nature of the payments.

j. In or about February and March of 2004, Individual A met with Individual C to discuss Individual A's payment of \$250,000. They agreed that the money would be paid in two installments, with the first payment being made on March 5, 2004, and the second payment being made on July 1, 2004.

k. Individual A and Individual C each signed the sham consulting agreement. Although the consulting agreement indicated that Individual C would provide services in exchange for payments by Individual A, no services were provided by Individual C or his company.

l. On or about March 5, 2004, acting at LEVINE's direction, Individual A paid \$125,000 to Individual C's company.

m. In or about April 2004, Individual C telephoned Individual A, and asked that the remaining \$125,000 be paid

immediately, instead of waiting for July. Individual A initially refused to make the payment early.

n. On or about April 26, 2004, LEVINE directed Individual A to make the payment to Individual C immediately, which Individual A agreed to do. Individual A paid \$125,000 to Individual C's company the next day.

Investment Firms 2 and 3

o. In late 2003 and early 2004, Loren met with Individual A and other individuals to review information concerning certain potential TRS investments, including information relating to Investment Firms 2 and 3.

p. Investment Firms 2 and 3 each agreed to pay a finder's fee to Individual A, and each applied for TRS funds.

q. On or about April 12, 2004, LEVINE and Individual A agreed that Individual A would share his finder's fees from Investment Firms 2 and 3 with Individual B, so Individual B could enjoy the benefit of the fees from TRS.

r. Shortly thereafter, Individual A met with Individual B and they agreed that Individual A would share his finder's fees for TRS-related business with Individual B. Individual B had provided no services to Individual A or Investment Firms 2 or 3 in connection with their applications to receive TRS funds.

**LEVINE's Failure to Disclose his Financial
Arrangement With Individual A**

s. Notwithstanding his position as a member of the TRS Board of Trustees, LEVINE intentionally concealed from and failed to disclose to the TRS Board material facts relating to its consideration of the applications for funds of Investment Firms 1, 2, and 3, including LEVINE's arrangement with Individual A that Individual A would split each of his finder's fees at LEVINE's direction in exchange for LEVINE's assistance in obtaining TRS funds.

LEVINE and Cari: Investment Firm 4

5. It was further part of the scheme that in the spring of 2004, after Investment Firm 4 had submitted an application to receive funds from TRS, LEVINE, with the assistance of Cari, attempted to coerce Investment Firm 4 into hiring a consultant identified by LEVINE, namely, Individual D, and paying approximately \$850,000 to Individual D's company. In connection with this aspect of the scheme:

a. In or about March 2004, after Investment Firm 4 had made a presentation to TRS staff members seeking funds from TRS, LEVINE spoke with representatives of Investment Firm 4, stating that he would like to be helpful to Investment Firm 4, but because of the rules prohibiting *ex parte* contact between TRS board members and representatives of parties concerning pending matters, he could not talk with them. LEVINE subsequently used Cari to communicate

with Investment Firm 4 on LEVINE's behalf, in violation of those rules.

b. On or about April 14, 2004, LEVINE spoke to Cari about Investment Firm 4. LEVINE said that he needed to give Investment Firm 4 the name of a consultant, but did not want to deal directly with the company, and would like to have Cari relay the information. Cari agreed to do so. LEVINE knew that the president of Investment Firm 4 was a friend of one of Cari's partners in Cari's private equity firm. During this conversation, LEVINE told Cari that LEVINE thought he could assist Cari's private equity firm, which was attempting to obtain money from a different Illinois state pension fund.

c. In or about late April 2004, LEVINE directed Loren to prepare a draft contract for Investment Firm 4. LEVINE told Loren that there was going to be a split of placement fees relating to the TRS investment in Investment Firm 4. LEVINE directed Loren to include certain terms in the contract, including the amounts to be paid and the dates of payment. LEVINE did not give Loren the names of the parties, but instead, told Loren to use "X" and "Y" in place of the parties' names. Loren prepared a draft compensation agreement.

d. On or about May 1, 2004, LEVINE told Individual B that LEVINE would steer money to Individual B from either

Investment Firm 4 or from Cari's private equity firm, in the amount of approximately \$700,000.

e. On or about May 5, 2004, Individual E, an attorney in the Turks & Caicos Islands who was associated with Individual D, attempted to contact the president of Investment Firm 4, and left a message stating that he was a TRS consultant. Investment Firm 4 had not had any previous contact with Individuals D or E, and had not sought the services of a consultant or used a consultant in its application to receive TRS funds.

f. On or about May 6, 2004, which was less than 3 weeks before the next TRS Board meeting, LEVINE spoke to Cari about Investment Firm 4. LEVINE said that he was getting a little nervous. LEVINE said that although he hated to undo things, he would have to undo things if Investment Firm 4 said they did not need the consultant that LEVINE had identified. LEVINE said that this had to be an absolute top priority. Cari said that he would follow up on the issue.

g. On or about May 10, 2004, Individual E again attempted to contact the President of Investment Firm 4, and left a message stating that he wanted to discuss the placement of some funds. Individual E subsequently talked to a representative of Investment Firm 4, described himself as a broker and intermediary for the placement of funds for Illinois pension funds, and said

that Investment Firm 4 needed to sign a compensation agreement with him.

h. On or about May 11, 2004, LEVINE spoke to Individual D, who reported that contact had been made the day before with Investment Firm 4. LEVINE said that Investment Firm 4 had to sign the contract, and that it was dangerous not to have it signed immediately. LEVINE pointed out that the TRS Board meeting was the week after next. LEVINE asked Individual D to make sure that the contract was signed, and Individual D agreed to do so.

i. On or about May 19, 2004, a compensation agreement was faxed to Investment Firm 4 by Individual E from the Turks & Caicos Islands. This was a revised copy of the draft compensation agreement prepared by Loren. The compensation agreement provided that Investment Firm 4 would pay a finder's fee to Individual D's company, totaling approximately \$850,000. In fact, Individual D's company had provided no services to Investment Firm 4 in exchange for the payments required under the contract.

j. On or about May 19, 2004, LEVINE asked Cari to stay on top of this contract matter until Investment Firm 4 signed the contract and got it back. Cari agreed to do so.

k. On or about May 20, 2004, Cari, acting at LEVINE's direction, made a series of calls to Investment Firm 4. He spoke to the president of the company, and other representatives of the company. Cari said that Investment Firm 4 was supposed to pay a

finder's fee, and that this should have been taken care of already. Cari said that unless Investment Firm 4 signed the consulting contract before the end of the day, Investment Firm 4's application would be dropped from the TRS Board's May agenda. Cari said that he was close to representatives of TRS and a high-ranking Illinois public official. Cari said that if Investment Firm 4 wanted to get money from TRS, the company had to hire a consultant. Cari said that if Investment Firm 4 did not enter into the consulting agreement by the end of the day, the company was going to lose the TRS commitment.

l. On or about May 20, 2004, in a subsequent phone call, Cari spoke to two attorneys who represented Investment Firm 4. Cari said that if Investment Firm 4 did not sign the contract with Individual D, Investment Firm 4 would be taken off of the TRS May agenda. Cari said that this was how things are done in Illinois. Cari said that the attorneys should do whatever they needed to do, but this had to get done.

m. Shortly after May 20, 2004, because Investment Firm 4 had not signed the contract with Individual D, LEVINE directed a TRS staff member to pull Investment Firm 4 off the agenda for the May 2004 TRS Board meeting. The staff member refused to do so, and Investment Firm 4 received approval for an investment by TRS of approximately \$85 million.

n. Notwithstanding his position as a member of the TRS Board of Trustees, LEVINE intentionally concealed from and failed to disclose to the TRS Board material facts relating to its consideration of the application for funds of Investment Firm 4, including LEVINE's attempt to force Investment Firm 4 to hire a consultant selected by Levine, as well as LEVINE's *ex parte* contacts, indirectly through Cari, with Investment Firm 4, in which Cari threatened that Investment Firm 4 would not receive TRS funds unless Investment Firm 4 agreed to pay the consultant identified by LEVINE.

LEVINE and Individual B: TRS ASSET MANAGER

6. It was further part of the scheme that LEVINE attempted to use his position as a TRS Trustee to obtain financial benefits for himself or his nominees, in connection with TRS's placement of funds with an asset manager. In connection with this aspect of the scheme:

a. In or about April 2004, LEVINE met with Loren to find out how LEVINE or his nominees could do business with TRS, including the possibility of setting up a company to do business with TRS as an asset manager. LEVINE asked Loren to present ideas to LEVINE that would allow participation by LEVINE or his nominees, without such participation being disclosed to TRS.

b. Loren subsequently explained to LEVINE that if a development company entered into a business relationship with an

asset manager, there would be no requirement to disclose the ownership of the developer.

c. On or about May 1, 2004, LEVINE and Individual B agreed to try to find a way to obtain funds from TRS for their own benefit and the benefit of their nominees, by putting someone in place to be an asset manager for TRS, and by having a developer selected by LEVINE participate in deals with that asset manager.

Concealment

7. It was further part of the scheme that LEVINE and his co-schemers, including Individual A, Loren, Cari, and others, did misrepresent, conceal and hide, and cause to be misrepresented, concealed, and hidden, the acts done in furtherance of the scheme and the purposes of those acts.

Mail Fraud: Investment Firm 1 Questionnaire Sent to TRS

8. On or about July 18, 2003, at Chicago, in the Northern District of Illinois, Eastern Division,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be deposited, to be sent and delivered by UPS, a commercial interstate carrier, an envelope from Investment Firm 1 in Chicago, Illinois, and addressed to TRS in Springfield, Illinois, which envelope contained a TRS Questionnaire that had been completed by Investment Firm 1;

In violation of Title 18, United States Code, Sections 1341,
1346, and 2.

COUNT TWO

Mail Fraud: Investment Firm 1 Presentation Materials Sent to TRS

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about July 30, 2003, at Chicago, in the Northern District of Illinois, Eastern Division,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme and attempting to do so, knowingly caused to be deposited, to be sent and delivered by UPS, a commercial interstate carrier, an envelope from Investment Firm 1 in Chicago, Illinois, and addressed to TRS in Springfield, Illinois, which envelope contained presentation materials from Investment Firm 1 for the August 2003 TRS Board meeting;

In violation of Title 18, United States Code, Sections 1341, 1346, and 2.

COUNT THREE

Wire Fraud: Individual A's Letter Agreement
Faxed to Investment Firm 3

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about November 24, 2003, at Chicago, in the Northern District of Illinois, Eastern Division,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce signals and sounds, namely a signed Letter Agreement, sent by facsimile, from Individual A's office in Chicago, Illinois, to Investment Firm 2's office in Wayne, Pennsylvania;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT FOUR

**Wire Fraud: Individual A's Modified Letter Agreement
Faxed to Investment Firm 3**

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about May 19, 2004, at Chicago, in the Northern District of Illinois, Eastern Division,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce signals and sounds, namely a modified Letter Agreement, sent by facsimile, from Investment Firm 2's office in Wayne, Pennsylvania, to Individual A's office in Chicago, Illinois;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT FIVE

**Wire Fraud: Phone Call Between LEVINE and
Individual B (re Investment Firm 2)**

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about April 17, 2004, at Highland Park, in the Northern District of Illinois, Eastern Division,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce signals and sounds, namely a phone call between Individual B, in Florida, and defendant LEVINE, in Highland Park, Illinois, in which they discussed Investment Firm 3;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT SIX

Wire Fraud: Phone Call Between LEVINE & Cari re Investment Firm 4

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about April 14, 2004, at Highland Park, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate and foreign commerce signals and sounds, namely a phone call between defendant LEVINE, in Highland Park, Illinois, and Cari, in Hong Kong, in which LEVINE and Cari discussed Investment Firm 4 and the name of a consultant to be provided to Investment Firm 4;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT SEVEN

Wire Fraud - Compensation Agreement Faxed to Investment Firm 4

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about May 19, 2004, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate and foreign commerce signals and sounds, namely a cover letter and a Compensation Agreement, sent by facsimile, from the Turks & Caicos Islands, BWI, to Investment Firm 4, in Virginia, with the Compensation Agreement setting forth terms for payments to Individual D's company, which was located in Downers Grove, Illinois;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT EIGHT

Wire Fraud: Phone Call Between Cari and Investment Firm 4

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about May 20, 2004, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce signals and sounds, namely a phone call between Cari, in Chicago, and Investment Firm 4, in Virginia, in which Cari spoke to a secretary, and demanded that the President of Investment Firm 4 return his call;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT NINE

Wire Fraud: Phone Call Between Cari and Investment Firm 4

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about May 20, 2004, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce signals and sounds, namely a phone call between Cari, in Chicago, and Investment Firm 4, in Virginia, in which Cari spoke to the President of Investment Firm 4, about the need to sign a consulting agreement;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT TEN

Wire Fraud: Phone Call Between Cari and Investment Firm 4

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraphs 1 through 7 of Count One of this Indictment as though fully set forth herein.

2. On or about May 20, 2004, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, for the purpose of executing the above-described scheme, did knowingly cause to be transmitted by means of wire and radio communication in interstate commerce signals and sounds, namely a phone call between Cari, in Chicago, and Investment Firm 4, in Virginia, in which Cari spoke to Investment Firm 4's representatives and attorneys about the need to sign a consulting agreement;

In violation of Title 18, United States Code, Sections 1343, 1346, and 2.

COUNT ELEVEN

Attempted Extortion of Investment Firm 4

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraph 1 of Count One of this Indictment as though fully set forth herein.

2. In or about the spring of 2004, at Highland Park and Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE, and
JOSEPH CARI,

defendants herein, did attempt to commit extortion, which extortion would obstruct, delay, and affect commerce, in that the defendants attempted to obtain property, in the form of a Compensation Agreement and payments from Investment Firm 4 to a consultant identified by LEVINE, with Investment Firm 4's consent induced under the color of official right, and by the wrongful use of actual and threatened fear of economic harm;

In violation of Title 18, United States Code, Sections 1951, and 2.

COUNT TWELVE

Solicitation of Funds from Investment Firm 4

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraph 1 of Count One of this Indictment as though fully set forth herein.

2. In or about the spring of 2004, at Highland Park and Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, being an agent of TRS, an organization which received federal benefits in excess of \$10,000, did corruptly solicit, demand, accept, and agree to accept, for the benefit of himself and one or more third parties, a thing of value, namely, payments from Investment Firm 4 to be paid to a consultant identified by LEVINE, and LEVINE intended to be influenced and rewarded in connection with the business, a transaction, and a series of transactions of TRS involving a thing of value of \$5,000 or more, namely, the placement of TRS funds;

In violation of Title 18, United States Code, Sections 666 (a) (1) (B), and 2.

COUNT THIRTEEN

Solicitation of Funds from Individual A
(Finder's Fees Paid by Investment Firm 1)

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraph 1 of Count One of this Indictment as though fully set forth herein.

2. From in or about April 2003 through in or about April 2004, at Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STUART LEVINE,

defendant herein, being an agent of TRS, an organization which received federal benefits in excess of \$10,000, did corruptly solicit, demand, accept, and agree to accept, for the benefit of himself and one or more third parties, a thing of value, namely, payments from Individual A totaling approximately \$250,000, to be paid to Individual C as directed by defendant LEVINE, which payments involved Individual A's splitting finder's fees that he received from Investment Firm 1; and defendant LEVINE intended to be influenced and rewarded in connection with the business, a transaction, and a series of transactions of TRS involving a thing of value of \$5,000 or more, namely, the placement of TRS funds;

In violation of Title 18, United States Code, Sections 666 (a) (1) (B), and 2.

COUNT FOURTEEN

Endeavor to Impede the IRS (LOREN)

_____The SPECIAL MARCH 2004 GRAND JURY further charges:

1. The Grand Jury realleges and incorporates by reference paragraph 1 of Count One of this Indictment as though fully set forth herein.

2. Beginning in or about the fall of 2003 and continuing until at least May 2004, at Highland Park and Chicago, in the Northern District of Illinois, Eastern Division, and elsewhere,

STEVEN LOREN,

defendant herein, did corruptly endeavor to obstruct and impede the due administration of the internal revenue laws.

3. It was part of the corrupt endeavor that, at the direction of Stuart Levine, defendant LOREN drafted a false and fraudulent consulting agreement for Individual A, in order to make it appear that certain payments to be made by Individual A were legitimate business transactions and therefore represented legitimate and deductible business expenses to Individual A.

4. It was further part of the corrupt endeavor that Levine asked LOREN to prepare the sham consulting agreement in connection with an arrangement between Levine and Individual A. LOREN knew that Levine had agreed to help Individual A get TRS funding for certain entities that had agreed to pay placement fees to Individual A, and that in exchange for Levine's help, Individual A

would split those placement fees with third parties as directed by Levine. LOREN drafted the sham consulting agreement to conceal the fact that Individual A was splitting his placement fee from a TRS transaction with Individual C, as part of this arrangement between Levine and Individual A.

5. It was further part of the corrupt endeavor that Levine instructed LOREN to draft a consulting agreement that would pass scrutiny, if someone like the U.S. Attorney looked at it. In order to conceal the fraudulent nature of the transaction, LOREN included certain terms and conditions in the contract that LOREN believed would be typical in a legitimate consulting contract.

6. It was further part of the corrupt endeavor that LOREN attempted to create the false appearance that Individual A was going to pay Individual C for services, when, in fact, LOREN believed that Individual C would be paid, even though Individual C provided no services. LOREN attempted to draft a contract that would make it falsely appear that the payments by Individual A constituted legitimate business expenses to Individual A, and legitimate income to Individual C, when in fact LOREN knew that the payments did not constitute legitimate expenses or income, and that the payments would be reported to the Internal Revenue Service as legitimate expenses and income.

7. It was further part of the corrupt endeavor that LOREN instructed his secretary not to save the consulting agreement on the computer.

8. It was further part of the corrupt endeavor that LOREN, Levine, Individual A, Individual C, and others, took steps to hide and conceal, and to attempt to hide and conceal, the purposes of the corrupt endeavor, and acts done as part of the corrupt endeavor.

In violation of Title 26, United States Code, Section 7212(a).

A TRUE BILL:

FOREPERSON

UNITED STATES ATTORNEY